

## Worker Release Credit Reform Act

### Summary Information

#### **Background:**

The WRCR Act would increase the amount of the earned income tax credit (EITC) available. The maximum credit for single filers would be \$4,000; married filers would receive \$8,000. The WRCR Act also features a 100% phase-in and would increase the phase-out amount for the credit: the phase-out amount for single taxpayers is \$30,000, and \$50,000 for married taxpayers. The credit would phase-out at a rate of 20%, i.e., the credit gradually decreases to zero at a fixed rate of 20% once the initial phase-out amount threshold is reached.

Treating caregiving as work. The WRCR Act would expand the types of activities that constitute “work” to include family caregiving (as well as caregiving of cohabitating individuals).

Treating higher-education as work. The WRCR Act would also treat educational activities as work. Qualifying students are students in school half-time or more, and either qualifies for a Federal Pell Grant, or is an independent student whose household income is less than 300% of the poverty line, or is a dependent student whose household income plus the income of specified supporter is less than 300% of the poverty line.

Deeming minimum income of certain eligible individuals. Caregivers and low-income students would be treated as though they have enough income to qualify for the maximum credit.

Expanding the eligibility age range. The WRCR Act decreases the eligibility age for workers without children from 25 to 18 and removes the eligibility upper-age limit of 65 years.

Reinstating and improving advanced payments. The WRCR Act includes an option for recipients to receive 75% of their estimated credit monthly. Taxpayers may elect to receive the payments by direct deposit, low-fee debit card, or check.